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**BEFORE THE BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

**SECRETARY, BOARD OF
OIL, GAS & MINING**

NOTICE OF AGENCY ACTION FOR AN ORDER REQUIRING MARION ENERGY TO PLUG AND RECLAIM WELLS; OR FORFEIT SURETY BOND AND AUTHORIZE THE DIVISION TO PLUG AND RECLAIM WELLS LOCATED IN TOWNSHIPS 13 AND 14 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH; AND AN ORDER REQUIRING MARION ENERGY TO IMMEDIATELY COMPLY WITH THE NOTICE OF VIOLATION FOR THE WELLS LOCATED IN TOWNSHIPS 12, 13, AND 14 SOUTH, RANGES 7 AND 10 EAST, CARBON COUNTY, UTAH.

MODIFICATION OF SEPTEMBER 10, 2012 ORDER AS TO THE OMAN 2-20 WELL

Docket No. 2011-018

Cause No. 250-02

By Order dated September 10, 2012¹ (the “plugging order”), the Utah Board of Oil, Gas and Mining (the “Board”) directed that a bond held by Marion Energy Inc. (“Marion”) be forfeited and that the proceeds be used by the Division of Oil, Gas and Mining (the “Division”) to plug and abandon several wells in the Clear Creek Field in Carbon County, Utah, including the Oman 2-20 well. In a Supplemental Order dated October 26, 2012, the Board temporarily suspended the plugging order as to the Oman 2-20 well. By a Second Supplemental Order dated July 3, 2013, the Board extended that suspension and set forth the condition upon which it would issue an order modifying the plugging order to exclude the Oman 2-20 well from operation of the order, return complete responsibility for the well to Marion, and provide that the \$30,000.00 in bonding provided as a condition of the Board’s original suspension of the plugging order shall

¹ September 10, 2012 Findings of Fact, Conclusions of Law and Order.

continue to be held by the Division as bond for the plugging of this and other wells operated by Marion.

As per the Board's Second Supplemental Order, the condition upon which it will enter an order modifying the plugging order for the Oman 2-20 well as described above, is that the Division notifies the Board that it is satisfied that Marion has installed a compressor and other equipment necessary to assure that Marion is ready and able to make delivery of gas into the Questar pipeline.

On September 6, 2013, the Board received written notification from the Division that it was satisfied that Marion has installed a compressor and other equipment necessary to assure that Marion is ready and able to make delivery of gas into the Questar Pipeline. A copy of the notification is attached. Based on receipt of the Division's notification, the Board hereby does, upon signature of this Modification of September 10, 2012 Order as to the Oman 2-20 Well, modify the plugging order as follows:

1. The Oman 2-20 well is removed from operation of the plugging order and complete responsibility for the well is returned to Marion Energy Inc.
2. The \$30,000 in bonding provided by Marion as a condition of the Board's initial suspension of the plugging order as to the Oman 2-20 well shall continue to be held by the Division as bonding for plugging of this and other wells operated by Marion in the Clear Creek Field.

Dated this 22nd day of November, 2013.

**STATE OF UTAH
BOARD OF OIL, GAS AND MINING**

By:


Ruland J. Gill, Jr., Chairman

CERTIFICATE OF SERVICE

The Undersigned hereby certifies that a true and correct copy of the foregoing MODIFICATION OF SEPTEMBER 10, 2012 ORDER AS TO THE OMAN 2-20 WELL for Docket No. 2011-018, Cause No. 250-02 to be mailed postage prepaid to the addresses shown, and emailed to the emailed addresses shown, this 23rd day of November, 2013, to the following:

Steve Alder, Assistant Attorney General
Utah Attorney General's Office
1594 W. North Temple, Suite 300
Counsel for Utah Division of Oil, Gas and Mining
stevealder@utah.gov

Michael Malmquist
Parsons Behle & Latimer
Attorneys for Marion Energy Inc.
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
mmalmquist@parsonsbehle.com

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GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 6, 2013

Mr. Michael Malmquist
Parsons Behle & Latimer
Attorneys for Marion Energy Inc.
201 South Main Street, Suite 1800
Salt Lake City, UT 84111

SUBJECT: OMAN 2-20 WELL – COMPLIANCE WITH SECOND SUPPLEMENTAL ORDER, DOCKET NO. 2011-018, CAUSE NO. 250-02

Dear Mr. Malmquist:

In accordance with the referenced order of the Board of Oil, Gas, and Mining dated July 8, 2013, the Division of Oil, Gas, and Mining was to have notified the Board if, prior to August 28, 2013, certain operational conditions existed at the Oman 2-20 well. This letter provides the results of the Division's inspections of the well on the days immediately preceding and following the Board's regularly scheduled hearings on August 28th. As of August 29, 2013, the Division can go on record that the Oman 2-20 has complied with the operational requirements of paragraph 1(c) of the Second Supplemental Order.

The Second Supplemental Order states under the Finding of Facts, Conclusion of Law and Order 1(c), "Suspension of the plugging order as to the Oman 2-20 well is extended until the Board hearing on August 28, 2013, or until such sooner time as the Division notifies the Board that it is satisfied that Marion has installed a compressor and other equipment necessary to assure that Marion is ready and able to make delivery of gas into the Questar pipeline, . . ."

Inspections were made on Monday, August 26, 2013 and also on Tuesday, August 27, 2013 and the Division could not, at those times, assure that the well was ready and capable of gas delivery. No inspection was made on August 28, 2013, and Marion field personnel indicated to the Division that Questar (the pipeline operator) could not get the compressor operational until August 29th.

A follow up inspection was made by two DOGM personnel on Thursday, August 29, 2013. Questar workers were present to start the compressor. The report from Mr. Clint Dworshak of the Division is included as an attachment. Mr. Dworshak's report states:

"Operational generator at the wellsite. Water and gas meters installed. Gas from this well will be compressed at the Utah Fuel 3 wellsite. Questar personnel



started the compressor. Gas meter at the Utah Fuel 3 wellsite prior to gas entry into the Questar sales line.”

Provided the Board does not object to the one-day delay in meeting its deadline, it is my understanding according to paragraph 1(c) of the Second Supplemental Order that the Board may now modify its order of September 10, 2012, “to exclude the Oman 2-20 well, return complete responsibility for the well to Marion and provide that the \$30,000.00 in bonding provided as a condition of the Board’s staying of the September Order shall continue to be held by the Division as bond for plugging of this and other wells operated by Marion.” Since the well has not actually been returned to production, Marion should understand that if this well remains shut-in for any extensive period the Division may renew its request that Marion show good cause for not plugging the well as required by the rules.

I request that you contact both the Division’s attorney, Mr. Steve Alder, and the Board’s attorney, Mr. Mike Johnson, and discuss with them the best method for obtaining the Board’s modification to their September 2012 order. Please let me know if you have any questions regarding the content of this letter.

Sincerely,



John R. Baza
Director

JRB:jcr/er
Attachment

cc: John Rogers
Steve Alder
Mike Johnson

Incidents/Spills

Well Inspections



API Well No. 43-007-30289-00-00

Owner MARION ENERGY, INC.

County CARBON

Well Name OMAN 2-20

WI Typ Gas Well

Pcty/Proj 7/6

Well Status Producing

Well S-T-R S: 20 T: 13S R: 7E

Directions

Inspect No.	Type	Purpose	Responsible Company
ICLD0000044	Compliance Verification	Administrative Request	MARION ENERGY, INC.

Violation? ☐ SNC? ☐
 Notification Type C Operational generator at the wellsite. Water and gas meters installed. Gas from this well will be compressed at the Utah Fuel 3 wellsite. Questar personnel started the compressor. Gas meter at the Utah Fuel 3 wellsite prior to gas entry into the Questar sales line.
 M M N T

Write Violation

Date Inspected 08/29/2013
 Date NOV
 Date Rmdy/Req
 Date Extension
 Date Passed

Failed Items

Comply# Incident# Inspector Clint Dworshak Duration